



CITY OF COSTA MESA

P. O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

DEVELOPMENT SERVICES DEPARTMENT

August 19, 2021

Shepard Investments, Inc.
3590 Cadillac Avenue, Unit B
Costa Mesa, CA 92626

**RE: ZONING APPLICATION ZA-21-07 (PA-17-38 A4)
FOURTH AMENDMENT TO CONDITIONAL USE PERMIT PA-17-38 TO EXPAND
THE EXISTING MANUFACTURING LICENSE AND ADD A DISTRIBUTION
LICENSE FOR AN APPROVED CANNABIS FACILITY
3590 CADILLAC AVENUE, UNIT B AND C**

To Whom It May Concern:

City staff's review of your zoning application for the above-referenced project is complete. The application, as described in the attached project description, has been approved, based on the findings and subject to the conditions of approval and code requirements (attached). The decision will become final at 5:00 p.m. on August 26, 2021, unless appealed by an affected party, including filing of the necessary application and payment of the appropriate fee, or called up for review by a member of the Planning Commission or City Council.

If you have any questions regarding this letter, please feel free to contact the project planner, Justin Arios, at 714.754.5667, or at justin.arios@costamesaca.gov.

Sincerely,

WILLA BOUWENS-KILLEEN, AICP
Zoning Administrator

Attachments: Report, Project Description & Approved Conceptual Plans

cc: Engineering
Fire Marshal

Morton Cadillac, LLC
21072 Marino Lane
Huntington Beach, CA 92646

PROJECT DESCRIPTION

Background

In November 2016, Costa Mesa voters approved Measure X, which allows for marijuana distribution businesses, manufacturing businesses, research and development laboratories, and testing laboratories in Industrial Park (MP) and Planned Development Industrial (PDI) zoned properties north of South Coast Drive west of Harbor Boulevard, excluding the South Coast Collection (SOCO) property located at 3303 Hyland Avenue. Measure X is codified as Titles 9 and 13 of the Costa Mesa Municipal Code (CMMC).

In 2018, non-medical adult use marijuana became legal in California under the State's Medicinal and Adult-Use Cannabis Regulation and Safety Act (Proposition 64). On April 3, 2018, the City Council adopted Ordinance No. 18-04 to allow adult use marijuana products to be manufactured, distributed, transported, tested, and developed in the same manner and within the same geographic areas as medical marijuana uses pursuant to Measure X.

Project Site / Environs

The subject property contains a 7,315-square-foot space within a 20,732-square-foot multi-tenant building (constructed in 1989) located on the east side of Cadillac Avenue, north of Scenic Avenue, and is located within the northwest quadrant of the City in the Measure X zone. The tenant space is located in Unit B and Unit C with direct access to parking spaces in front of and to the side of the suite. The site is surrounded by other MP-zoned parcels occupied by industrial uses.

Approved Entitlements

On November 27, 2017, the Planning Commission approved, on a 5 to 0 vote, Planning Application 17-38, a Conditional Use Permit (CUP) for a marijuana manufacturing facility within a 7,315-square-foot tenant space. The facility was conditionally approved to include extraction of oils from marijuana plants, including processing space, storage, offices, and a conference room. No distribution, cultivation, or dispensing of marijuana is permitted. Transportation of the finished product can only be provided by an approved transport business.

- Staff Report:
<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2017/2017-11-27/PH-1.pdf>
- Planning Commission meeting video:
http://costamesa.granicus.com/player/clip/3098?view_id=10&redirect=true

On February 26, 2018, the Planning Commission approved, on a 3 to 2 vote, Planning Application 17-38 A1, the first amendment to the CUP to permit the addition of laboratories/testing and manufacturing/processing facilities as well as increased staffing.

- Staff Report:
<http://ftp.costamesaca.gov/costamesaca/planningcommission/agenda/2018/2018-02-26/PH-4.pdf>

- Planning Commission meeting video:
http://costamesa.granicus.com/player/clip/3148?view_id=10&redirect=true

On September 20, 2018, the Zoning Administrator approved Planning Application 17-38 A2, the second amendment to the CUP to allow adult use cannabis manufacturing, in addition to medical cannabis.

- Staff Report (starting on page 13):
<https://www.costamesaca.gov/home/showpublisheddocument/34426/636730526401000000>

On August 22, 2019, the Zoning Administrator approved Zoning Application 19-60 (PA-17-38 A3), the third amendment to the CUP to modify select conditions of approval reflected in other recent approvals for Measure X uses.

- Staff Report: <https://www.costamesaca.gov/Home/ShowDocument?id=38961>

Applicant Request

Zoning Application 21-07 is a request for the fourth amendment to the previously approved Conditional Use Permit (PA-17-38); specifically, the applicant requests to add a State distribution license to the operation of the facility (currently approved with a State manufacturing license) by converting 1,983 square feet of building area currently used for manufacturing purposes for distribution. The project also includes adding 4,695 square feet to the existing manufacturing use. No cultivation or dispensing of marijuana is authorized by the approved CUP, nor the proposed modifications.

ANALYSIS

Added Distribution License

As described in the project description letter, the applicant is proposing to amend their existing approval to add a State distribution license to their operation. The applicant is proposing to convert 1,983 square feet of the existing 8,620 square foot manufacturing space and create a new suite (Suite C) to accommodate the distribution licensed area. As shown on the conceptual plans, the distribution licensed area will include a secured quarantine area, a retail-ready storage area as well as a batch sampling area.

Products that will be transferred from the Manufacturing License to the Distribution License include finished products such as packaged edibles, packaged flower, packaged concentrates and packaged vape cartridges to be transported to licensed retailers.

Expanded Manufacturing License Area

In addition, the applicant is proposing to amend their existing approval to expand the existing 6,034 square foot manufacturing space (Unit B), and add 4,695 square feet from the adjacent Unit (Unit A). The new manufacturing space will be a total of 10,729 square feet in size. The manufacturing use will remain the same; Type 6 non-volatile extraction of oils from marijuana plants, with no volatile substances or volatile extraction. The facility would include processing space, storage, offices, and a conference room.

Products that will be transferred from the Distribution License to the Manufacturing License includes raw materials for processing (such as trim, flower and oils) as well as finished products for the purposes of packaging (such as flower, trim and concentrates)

As part of the proposed amendment the applicant has revised their cannabis flow diagrams to include the added space to manufacturing as well as the added distribution license (see conceptual plans).

CONFORMANCE WITH THE CITY OF COSTA MESA GENERAL PLAN

The Costa Mesa General Plan establishes the long-range planning and policy direction that guides change and preserves the qualities that define the community. The 2015-2035 General Plan sets forth the vision for Costa Mesa for the next two decades. This vision focuses on protecting and enhancing Costa Mesa's diverse residential neighborhoods, accommodating an array of businesses that both serve local needs and attract regional and international spending, and continuing to provide cultural, educational, social, and recreational amenities that contribute to the quality of life in the community. Over the long term, General Plan implementation will ensure that development decisions and improvements to public and private infrastructure are consistent with the goals, objectives, and policies contained in this Plan.

The following analysis evaluates the proposed project's consistency with specific policies and objectives of the 2015-2035 General Plan.

1. **Policy LU-1.1:** *Provide for the development of a mix and balance of housing opportunities, commercial goods and services and employment opportunities in consideration of the need of the business and residential segments of the community.*

Consistency: The proposed use would provide an entrepreneurial business in Costa Mesa as allowed under Measure X and provide new employment opportunities in the community.

2. **Policy LU-3.1:** *Protect existing stabilized residential neighborhoods, including mobile home parks (and manufactured housing parks), from the encroachment of incompatible or potentially disruptive land uses and/or activities.*

Consistency: The proposed use would not be located near any residentially-zoned properties. Therefore, the proposed use is consistent with the General Plan Policy.

3. **Policy LU-6.15:** *Promote unique and specialized commercial and industrial districts within the City which allow for incubation of new or growing businesses and industries.*

Consistency: The proposed use is part of a growing industry and is proposed in a location as specifically identified for such uses by the City's electorate through Measure X. Therefore, approval would encourage new businesses and

entrepreneurial opportunities in an area of the City identified for such by local voters.

ENVIRONMENTAL DETERMINATION

The project is categorically exempt from the provisions of CEQA pursuant to CEQA Guidelines Section 15301 for the permitting and/or minor alteration of Existing Facilities. This project site contains an existing building with no increase in total floor area for the use proposed. The project is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.

FINDINGS

- A. The proposed project complies with Title 13, Section 13-29(g)(2), Minor Conditional Use Permit, of the Municipal Code due to the following:

Finding: The proposed use, as conditioned, is substantially compatible with developments in the same general area and would not be materially detrimental to other properties within the area.

Facts in Support of Findings: The proposed use is a manufacturing, packaging, and distribution use and is consistent with other industrial uses in the immediate vicinity. Compliance with conditions of approval will allow the use to operate with minimal impacts on surrounding properties.

Finding: The proposed use and improvements will not be materially detrimental to the health, safety and general welfare of the public or otherwise injurious to property or improvements within the immediate neighborhood.

Facts in Support of Findings: The proposed use is within an existing building and is consistent with the MP (Industrial Park) zoning designation. The conditions of approval ensure that odor is controlled, outdoor loading and unloading are prohibited and, therefore, would not be materially detrimental to the health, safety, and general welfare of the public or be otherwise injurious to property or improvements within the immediate neighborhood. Measures designed to maintain security at the facility, as proposed and conditioned, and include a monitored video surveillance system.

Finding: The proposed use, as conditioned, is consistent with the intent of the zoning code and General Plan land use designation for the property.

Facts in Support of Findings: The use is consistent with the General Plan goals and policies as discussed earlier in this report. The proposed use is within an existing building and there are no proposed additions to the building; therefore, there is no change to density or intensity. In addition, the proposed use is a conditionally permitted use in the industrial zone under Measure X.

- B. The project is exempt from the provisions of the California Environmental Quality Act (CEQA) under Guidelines Section 15301 for Existing Facilities. This project site contains an existing building with no increase in total floor area for the use proposed. The use, as conditioned, is consistent with the applicable General Plan designation and all applicable General Plan policies as well as with applicable zoning designation and regulations.
- C. The project is exempt from Chapter XII, Article 3, Transportation System Management, of Title 13 of the Costa Mesa Municipal Code.

CONDITIONS OF APPROVAL (PA-17-38 A4)

- Plng.
- 1. The use of this property as a cannabis manufacturing/processing and distribution business shall comply with the approved plans and terms described in this staff report and these conditions of approval, including 10,729 square feet dedicated to the manufacturing space/license and 1,983 square feet dedicated to the distribution space/license. The conditions of approval included herein shall supersede the conditions of approval for PA-17-38, PA-17-38 A1, PA-17-38 A2 and PA-17-38 A3.
 - 2. The applicant shall contact the Planning Division to arrange a Planning inspection of the site. This inspection is to confirm that the conditions of approval and code requirements have been satisfied.
 - 3. Any change in the operational characteristics of the use shall be subject to Planning Division review and may require an amendment to the conditional use permit, subject to either Zoning Administrator or Planning Commission approval, depending on the nature of the proposed change.
 - 4. No product distribution shall occur between 12:00 AM and 5:00 AM.
 - 5. The subject business shall not engage in the retail sale of cannabis or marijuana products, in any form.
 - 6. Use of this property as a cannabis manufacturing/processing and distribution business shall comply with the approved plans and terms described in this resolution and the conditions of approval included herein.
 - 7. No cultivation of cannabis or marijuana may occur on the premises.
 - 8. Business identification signage shall be limited to that needed for identification only. Business identification signage shall not include any references to marijuana, whether in words or symbols. All signs shall comply with the CMMC. No sign shall be installed until the owner/operator or its designated contractor has obtained any permit required from the City.
 - 9. A marijuana business permit may be revoked upon a hearing by the Director of Development Services pursuant to Section 9-120 of the Municipal Code for failing to comply with the terms of the permit, the applicable provisions of the Municipal Code, state law or regulation and/or any condition of any other permit issued pursuant to this code. Revocation of the Marijuana Business Permit shall trigger the City's proceedings to revoke this CUP. The CUP granted herein shall not be construed to allow any subsequent owner/operator to continue operating under PA-17-38 A4 until a valid Marijuana Business Permit is received from the City of Costa Mesa.

10. The uses authorized by this Conditional Use Permit must be conducted in accordance with all applicable state and local laws, including, but not limited to compliance with the most current versions of the provisions of the California Code of Regulations that regulate the uses permitted hereby. Any violation thereof shall be a violation of the conditions of this permit and may be cause for revocation of this permit.
11. The operator shall maintain free of litter all areas of the premises under which applicant has control.
12. The use shall be conducted, at all times, in a manner that will allow the quiet enjoyment of the surrounding neighborhood. The operator shall institute whatever security and operational measures are necessary to comply with this requirement.
13. The applicant shall defend, indemnify, and hold harmless the City, its elected and appointed officials, agents, officers and employees from any lawsuit, claim, action, or proceeding (collectively referred to as "proceeding") brought against the City, its elected and appointed officials, agents, officers or employees arising out of, or which are in any way related to, the applicant's project, or any approvals granted by City related to the applicant's project. The indemnification shall include, but not be limited to, damages, fees and/or costs awarded against the City, if any, and cost of suit, attorney's fees, and other costs, liabilities and expenses incurred in connection with such proceeding whether incurred by the applicant, the City and/or the parties initiating or bringing such proceeding. This indemnity provision shall include the applicant's obligation to indemnify the City for all the City's costs, fees, and damages that the City incurs in enforcing the indemnification provisions set forth in this section. City shall have the right to choose its own legal counsel to represent the City's interests, and applicant shall indemnify City for all such costs incurred by City.
14. If any section, division, sentence, clause, phrase or portion of this approval is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining provisions.
15. Prior to occupancy, the applicant shall provide a scaled and dimensioned digital floor plan(s) for the tenant space, on either a CD or thumb drive, to the Planning Division.
16. Applicant, including any employee thereof, shall not sell, distribute, furnish, and/or otherwise provide any marijuana or marijuana product under its possession and/or control to any person, firm, corporation, group or any other entity, unless that person or entity possesses all currently valid permits and/or licenses required by both the state of California and applicable local governmental entity to both lawfully receive such marijuana and to engage in a "marijuana activity" as defined by Costa Mesa Municipal Code sec. 9-485. Applicant is charged with a duty to, and shall first verify, that the recipient, whether located in the City or elsewhere, of any marijuana or marijuana product so sold, distributed, furnished, and/or otherwise provided by or on behalf of Applicant, possesses all required permits and/or licenses therefore.

CID

17. No loading and unloading of cannabis products into the vehicles shall take place outside of the building. Video surveillance cameras shall be installed on the exterior of the building with direct views of the exterior roll-up door.
18. When distribution is conducted by a third party company, the loading area shall be free and clear of any cannabis products whenever the roll-up doors are open. Prior to a distributor's arrival, distributors are required to give notice to authorized facility personnel. Upon arrival, authorized facility personnel shall escort the distributor vehicle to the loading area.
19. Delivery vehicles shall only park in designated loading zone(s) during scheduled delivery times. All loading and unloading activity specific to this use shall be limited to one delivery vehicle at any given time.
20. The owner/operator shall obtain and maintain at all times during the term of the permit comprehensive general liability insurance and comprehensive automotive liability insurance protecting the permittee in an amount of not less than one million dollars (\$1,000,000.00) per occurrence, combined single limit, including bodily injury and property damage and not less than one million dollars (\$1,000,000.00) aggregate for each personal injury liability, products-completed operations and each accident, issued by an insurance provider admitted and authorized to do business in California and shall be rated at least A-:viii in A.M. Best & Company's Insurance Guide. Proof of said insurance must be provided to the Planning Division before the business commences operations. Any changes to the insurance policy must be submitted to the Community Improvement Division within 10 days of the date the change is effective.
21. The operator shall maintain a valid Marijuana Business Permit and a valid Business License at all times. The Marijuana Business Permit application number associated with this address is MX-17-05. Upon issuance, the Marijuana Business Permit will be valid for a two-year period and must be renewed with the Community Improvement Division prior to its expiration date, including the payment of permit renewal fees. No more than one Marijuana Business Permit may operate at this location.
22. No person may engage in any marijuana business or in any marijuana activity within the City including manufacture, processing, laboratory testing, transporting, dispensing, distribution, or sale of cannabis or a cannabis product unless the person:
 - a. Has a valid marijuana business permit from the City
 - b. Has paid all marijuana business permit and all application fees and deposits established by resolution of the City Council, including annual Community Improvement Division Inspection deposits.
 - c. Has obtained all applicable planning, zoning, building, and other applicable permits from the relevant governmental agency which may be applicable to the zoning district in which such marijuana business intends to operate.
 - d. Has obtained a City business license pursuant to Chapter I of the Municipal Code.
 - e. Has met all requirements of Community Improvement Division regarding the property.

- f. Has obtained any and all licenses required by state law and/or regulations.
 - g. Has satisfied all conditions of approval of this CUP
- 23. Cannabis shall not be consumed on the premises at any time, in any form.
- 24. No outdoor storage of cannabis or cannabis products is permitted at any time.
- 25. All cannabis and cannabis products tested, sold, distributed and/or manufactured pursuant to this CUP shall be transported by persons licensed to do so and shall only be sold, distributed, transported or otherwise furnished to facilities operating in full conformance with all applicable State and local laws and regulations. The discovery of a cannabis product originating from this facility at any unpermitted or otherwise unlawful cannabis facility or operation, including a dispensary, may be considered as evidence in any action to revoke, suspend or modify this CUP and/or the corresponding Marijuana Business Permit that is based on whole or in part on this condition of approval or any related provision of the Municipal Code.
- 26. The sale, dispensing, or consumption of alcoholic beverages on or about the premises is prohibited.
- 27. Persons under the age of twenty-one (21) years shall not be allowed on the premises of this business. It shall be unlawful and a violation of this CUP for the owner/operator to employ any person who is not at least twenty-one (21) years of age.
- 28. The owner/operator shall prohibit loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises.
- 29. No cannabis or cannabis products, or graphics depicting cannabis or cannabis products, shall be visible from the exterior of this property, or on any of the vehicles owned or used as part of the marijuana business.
- 30. Each entrance to the business shall be visibly posted with a clear and legible notice stating the following:
 - a. That smoking, ingesting, or otherwise consuming cannabis on the premises or in the areas adjacent to the marijuana business is prohibited.
 - b. That no person under the age of twenty-one (21) years of age is permitted to enter upon the premises.
 - c. That loitering by persons outside the facility both on the premises and within fifty (50) feet of the premises is prohibited.
- 31. Odor control devices and techniques shall be incorporated to ensure that odors from marijuana are not are not detected outside the property, anywhere on adjacent property or public right-of-way, or within any other units located within the same building as the marijuana business. Building and mechanical permits must be obtained from the Building Division prior to work commencing on any part of the odor control system.
- 32. Security and Safety Measures: The final Security Plan and Safety Plan consistent with the approved entitlement and approved building plans shall be submitted to the Planning Division, prior to issuance of Marijuana Business Permit, Part 2. The Security Plan and Safety Plan identified in the approved Marijuana Business Permit must be implemented at all times and must conform to the requirements of both Title 9, Chapter VI and the City's Administrative Regulation No. 4.2.

33. Every manager, supervisor, employee or volunteer of the marijuana business must submit fingerprints and other information specified on the Marijuana Business Permit for a background check by the Costa Mesa Police Department to verify that person's criminal history.
 - a. No employee or volunteer may commence paid or unpaid work for the business until the background checks have been approved.

No marijuana business or owner thereof may employ any person who has convicted of a felony within the past 7 years, unless that felony has been dismissed, withdrawn, expunged or set aside pursuant to Penal Code sections 1203.4, 1000 or 1385, or who is currently on probation or parole for the sale, distribution, possession or manufacture of a controlled substance.

34. All employees must wear an identification badge while on the premises of the business, in a format proscribed by the City Manager. Badges must clearly visible and worn on outermost clothing and above the waist in a visible location.
35. Should any employee, volunteer or other person who possess an identification badge be terminated or cease their employment with the business, the applicant shall return such identification badge to the Community Improvement Division within 24 hours, not including weekends and holidays.
36. Inspections of this marijuana business by the City's Community Improvement Division will be conducted, at a minimum, on a quarterly basis. Code Enforcement officers, the Building Official and/or the Fire Marshall may enter and inspect the location of this business between the hours of 8 a.m. and 5 p.m. Monday through Friday upon 24 hours' telephonic notice to the owner or operator, to ensure compliance with this CUP.
37. The City Manager or his or her designees may enter this business at any time during the hours of operation without notice, and inspect the location of this business as well as any recordings and records required to be maintained pursuant to Title 9, Chapter VI or under applicable provisions of State law.
38. Suspension of a license issued by the State of California, or by any of its departments or divisions, shall immediately suspend the ability of a marijuana business to operate within the City, until the State of California, or its respective department or division, reinstates or reissues the State license. Should the State of California, or any of its departments or divisions, revoke or terminate the license of a marijuana business, such revocation or termination shall also revoke or terminate the ability of a cannabis business to operate within the City. This CUP will expire and be of no further force and effect if any state issued license remains suspended for a period of 6 months. Documentation of three violations during routine inspections or investigations of complaints shall result in the Community Improvement Division scheduling a hearing before the Director of Development Services to consider revocation of the Marijuana Business Permit.

- Finance
39. The business must obtain any and all licenses required by state law and/or regulation prior to engaging in any cannabis activity at the property.
 40. This business operator shall pay all sales, use, business and other applicable taxes, and all license, registration, and other fees and permits required under federal, state and local law. This business operator shall cooperate with the City with respect to any reasonable request to audit the marijuana business' books and records for the purpose of verifying compliance with the CMMC and this CUP, including but not limited to a verification of the amount of taxes required to be paid during any period.
 41. Records and recordkeeping.
 - a. The owner/operator of this marijuana business shall maintain accurate books and records, detailing all of the revenues and expenses of the business, and all of its assets and liabilities. On no less than an annual basis, or at any time upon reasonable request of the City, the owner/operator shall file a sworn statement detailing the number of sales by the marijuana business during the previous twelve month period (or shorter period based upon the timing of the request), provided on a per-month basis. The statement shall also include gross sales for each month, and all applicable taxes paid or due to be paid.
 - b. The owner/operator shall maintain a current register of the names and the contact information (including the name, address, and telephone number) of anyone owning or holding an interest in the marijuana business, and separately of all the officers, managers, employees, agents and volunteers currently employed or otherwise engaged by the marijuana business. The register required by this condition shall be provided to the City Manager upon a reasonable request.
 - c. The owner/operator shall maintain an inventory control and reporting system that accurately documents the present location, amounts, and descriptions of all cannabis and cannabis products for all stages of the production or manufacturing, laboratory testing and distribution processes. Subject to any restrictions under the Health Insurance Portability and Accountability Act (HIPPA), the owner/operator shall allow City officials to have access to the business's books, records, accounts, together with any other data or documents relevant to its permitted marijuana activities, for the purpose of conducting an audit or examination. Books, records, accounts, and any and all relevant data or documents will be produced no later than twenty-four (24) hours after receipt of the City's request, unless otherwise stipulated by the City.
- The owner/operator shall have in place a point-of-sale tracking system to track and report on all aspects of the marijuana business including, but not limited to, such matters as cannabis tracking, inventory data, and gross sales (by weight and by sale). The owner/operator shall ensure that such information is compatible with the City's record-keeping systems. The system must have the capability to produce historical transactional data for review by the City Manager.
42. Pursuant to Title 9, Chapter VI It is unlawful for any person having responsibility for the operation of a marijuana business, to impede, obstruct, interfere with, or otherwise not to allow, the City to conduct an

inspection, review or copy records, recordings or other documents required to be maintained by a marijuana business under this chapter or under state or local law. It is also unlawful for a person to conceal, destroy, deface, damage, or falsifies any records, recordings or other documents required to be maintained by a marijuana business under this chapter or under state or local law.

- Fire
43. Comply with the requirements of the 2019 California Fire Code, including the 2019 Intervening Update and referenced standards as amended by the City of Costa Mesa.
 44. A copy of the approved Safety Plan shall be maintained onsite at all times, and it shall be available at the request of any City Official.
 45. Any change in equipment, operation, or hazard shall be submitted to the City for review and approval prior to the change taking place.

CODE REQUIREMENTS

The following list of federal, state, and local laws applicable to the project has been compiled by staff for the applicant's reference. Any reference to "City" pertains to the City of Costa Mesa.

- Plng.
1. Approval of the planning/zoning application is valid for two years from the effective date of this approval and will expire at the end of that period unless applicant establishes the use by one of the following actions: 1) a building permit has been issued and construction has commenced, and has continued to maintain a valid building permit by making satisfactory progress as determined by the Building Official, 2) a certificate of occupancy has been issued, or 3) the use is established and a business license has been issued. A time extension can be requested no less than 30 days or more than sixty (60) days before the expiration date of the permit and submitted with the appropriate fee for review to the Planning Division. The Director of Development Services may extend the time for an approved permit or approval to be exercised up to 180-days subject to specific findings listed in Title 13, Section 13-29 (k) (6). Only one request for an extension of 180 days may be approved by the Director. Any subsequent extension requests shall be considered by the original approval authority.
 2. Hours of construction shall comply with Section 13-279, Title 13, of the Costa Mesa Municipal Code.
 3. Permits shall be obtained for all signs according to the provisions of the Costa Mesa Sign Ordinance.
 4. All contractors and subcontractors must have valid business licenses to do business in the City of Costa Mesa. Final inspections, final occupancy and utility releases will not be granted until all such licenses have been obtained.
 5. Street address shall be visible from the public street and/or shall be displayed on the freestanding sign. If there is no freestanding sign, the street address may be displayed on the fascia adjacent to the main entrance or on another prominent location. When the property has alley access, address numerals shall be displayed in a prominent location visible

from the alley. Numerals shall be a minimum twelve (12) inches in height with not less than three-fourth-inch stroke and shall contrast sharply with the background. Identification of individual units shall be provided adjacent to the unit entrances. Letters or numerals shall be four (4) inches in height with not less than one-fourth-inch stroke and shall contrast sharply with the background.

6. Any mechanical equipment such as air-conditioning equipment and duct work shall be screened from view in a manner approved by the Planning Division.
7. Trash enclosure(s) or other acceptable means of trash disposal shall be provided. Design of trash enclosure(s) shall conform with City standards.
8. No cultivation of marijuana, or marijuana dispensary, is permitted.
9. Vehicle standing, loading and unloading shall be conducted so as not to interfere with normal use of streets, sidewalks, driveways and on-site parking.
10. Vehicle loading areas may be provided under the direction of the planning division. No loading area shall encroach into a required building setback along a public right-of-way.
- Bldg. 11. Comply with the requirements of the following adopted codes: 2019 California Residential Code, 2019 California Building Code, 2019 California Electrical Code, 2019 California Mechanical Code, 2019 California Plumbing Code, 2019 California Green Building Standards Code and 2019 California Energy Code (or the applicable adopted, California Residential Code, California Building Code, California Electrical Code, California Mechanical Code, California Plumbing Code, California Green Building Standards and California Energy Code at the time of plan submittal or permit issuance) and California Code of Regulations also known as the California Building Standards Code, as amended by the City of Costa Mesa. Requirements for accessibility to sites, facilities, buildings and elements by individuals with disability shall comply with chapter 11B of the 2019 California Building Code.
12. The conditions of approval and ordinance or code provisions of Planning Application 17-38 A4 (ZA-21-07) shall be blueprinted on the face of the site plan as part of the plan check submittal package.
13. Plans shall be prepared by a California licensed Architect or Engineer. Plans shall be wet stamped and signed by the licensed Architect or Engineer prior to the issuance of building permits.
14. Equipment shall comply with California Building and Fire Code requirements, including, but not limited to, the requirement that equipment be approved by a recognized testing laboratory for the specific use.
15. Comply with the requirements of the 2016 California Fire Code, including the 2016 Intervening Update and referenced standards as amended by the City of Costa Mesa.
16. Quarterly Fire & Life Safety Inspections will be conducted by the Community Risk Reduction Division to verify compliance with the approval operation. The applicant will pay for the inspection according to the Additional Required Inspections as adopted in the Fee Schedule.

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| Fire | 17. | Annual Fire & Life Safety Inspections will be conducted by the Fire Station Crew for emergency response pre-planning and site access familiarization. The applicant will pay for the inspection according to the adopted Fee Schedule. |
| | 18. | Marijuana liquid or solid waste must be made unusable and unrecognizable prior to leaving a secured storage area and shall be disposed of at a facility approved to receive such waste. |
| Bus.
Lic. | 19. | All contractors and subcontractors must have valid business licenses to do business in the City of Costa Mesa. Final inspections, final occupancy and utility releases will not be granted until all such licenses have been obtained. |
| | 20. | Business license shall be obtained prior to the initiation the business. |

SPECIAL DISTRICT REQUIREMENTS

The requirements of the following special districts are hereby forwarded to the applicant:

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| CMUSD | 1. | The applicant is required to contact the Costa Mesa Sanitary District at (949) 654-8400 to arrange final sign-off prior to certificate of occupancy being released. |
| | 2. | Applicant shall contact Costa Mesa Sanitary District at (949) 654-8400 for any additional district requirements. |
| Water | 3. | Customer shall contact the Mesa Water District – Engineering Desk and submit an application and plans for project review. Customer must obtain a letter of approval and a letter of project completion from Mesa Water District. |
| AQMD | 4. | Coast Air Quality Management District located at:
21865 Copley Dr.
Diamond Bar, CA 91765-4178
Tel: 909-396-2000
or visit their web site:
http://www.costamesaca.gov/modules/showdocument.aspx?documentid=23381 |
| | 5. | The Building Division will not issue a demolition permit until an Identification Number is provided by AQMD. |

Shepard Investments, Inc
3590 Cadillac Ave Suite C
Costa Mesa CA 92626

**Project Description –
Distribution License**

Shepard Investments, Inc (hereinafter referred to as “Applicant”) is applying for a Cannabis Business Permit in the City of Costa Mesa for Type 11 Commercial Cannabis Distribution.

Applicant is proposing their project to be located at 3590 Cadillac Ave Suite C Costa Mesa CA 92626 within the proposed building with APN number 139-651-03.

The building has 120/208 and 277/480 Volts with a 3-phase power and natural gas service available.

The project itself occupies approximately 1,983 of total square feet. The warehouse clear height is +/- 22 feet and is equipped with fire sprinklers, 120/208 and 277/480 Volts with a 3-phase power, has natural gas service and heavy parking.

The existing facility needs very minor modifications. Applicant is planning to construct a secured two-point access to lobby area and to warehouse space that will not be accessible to public unless authorized and escorted by Applicant and to City/State officials for inspections. A secured/locked rollup door already exists for secure deliveries.

Within the warehouse itself, applicant is proposing to construct a secured quarantine area, retail-ready storage area and batch sampling area.

Applicant designated an area for storing cannabis waste, as well as secured storage of high valued products and cash. (Please see “Security Plan”).

- The existing Manufacturing Measure X of 8,620 sqft use shall remain the same but shall be reduced to 6,034 sqft for allocation to Distribution Measure X use. The remainder of the existing suite is dedicated for Distribution use for the purposes of the Conditional Use Amendment.

- Each license type will be clearly separated via premise diagram and labeling. Suite numbers B for manufacturing side and C for distribution side. Suite numbers will be affixed number on the outside entrance doors and roll up doors for each license type in a visible area.

**Project Description –
Manufacturing Adding
Square Footage**

- On 8/1/21 Shepard Investments, Inc will be acquiring an additional 4,695 sqft from the existing Unit A. This square footage will be used as manufacturing space and will increase the 6,034 sqft of manufacturing space to a total square footage of 10,729 sqft

- This manufacturing space will remain a Type 6 manufacturing space. There will be no volatile substances and no extraction taking place in this area.

**Project Description –
Revised Cannabis Flow**

- See Cannabis Flow Premise Diagram for revised cannabis flow with the added square footage.

-The types of goods that will be transferred from Distribution to Manufacturing will be raw materials for processing, such as trim, flower, and oil for manufacturing purposes, as well as finished product such as flower, trim, concentrates for the purpose of packaging. The types of goods that will be transferred from Manufacturing to Distribution will all be finished products such as packaged edibles, packaged flower, packaged concentrates and packaged vape cartridges.





